

California Housing Issues & Assistance Delivery

***Linda M. Wheaton, Assistant Deputy Director, Housing Policy
Presentation for the Affordable Housing Workshop of the California
Energy Commission & California Public Utilities Commission
June 13, 2006***

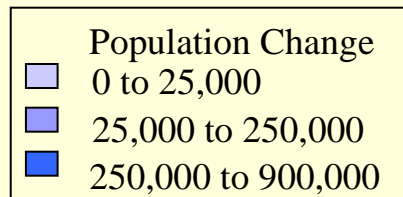


**California Department of
Housing & Community Development**

Housing Demand Influences

- *Strong Population Growth & demographic change*
- *Inadequate Housing Supplies*
- *Declining Affordability*
- *Favorable Mortgage Rates*
- *Employment growth*

California 2000-2010: 5.8 million New Residents Projected

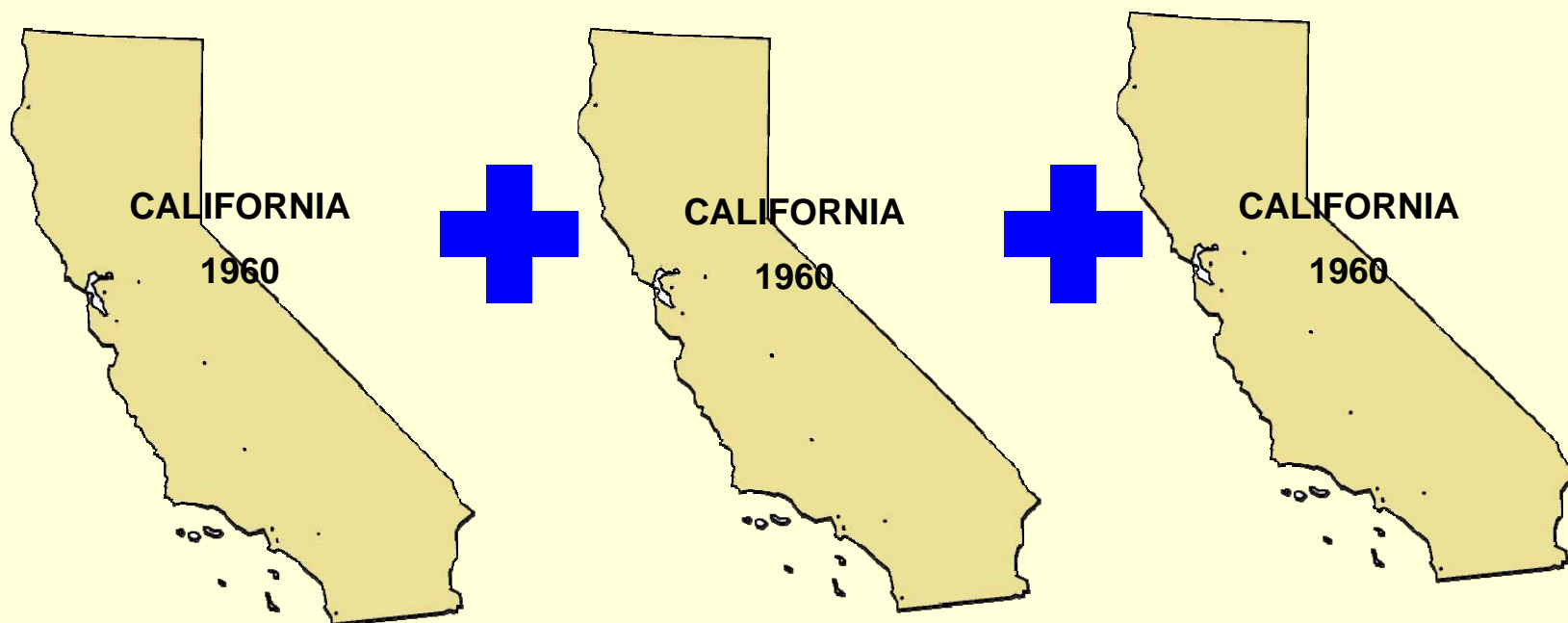


Source: DOF Demographics Research Unit, 2003

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Housing Will be Needed for Many More Californians . . .

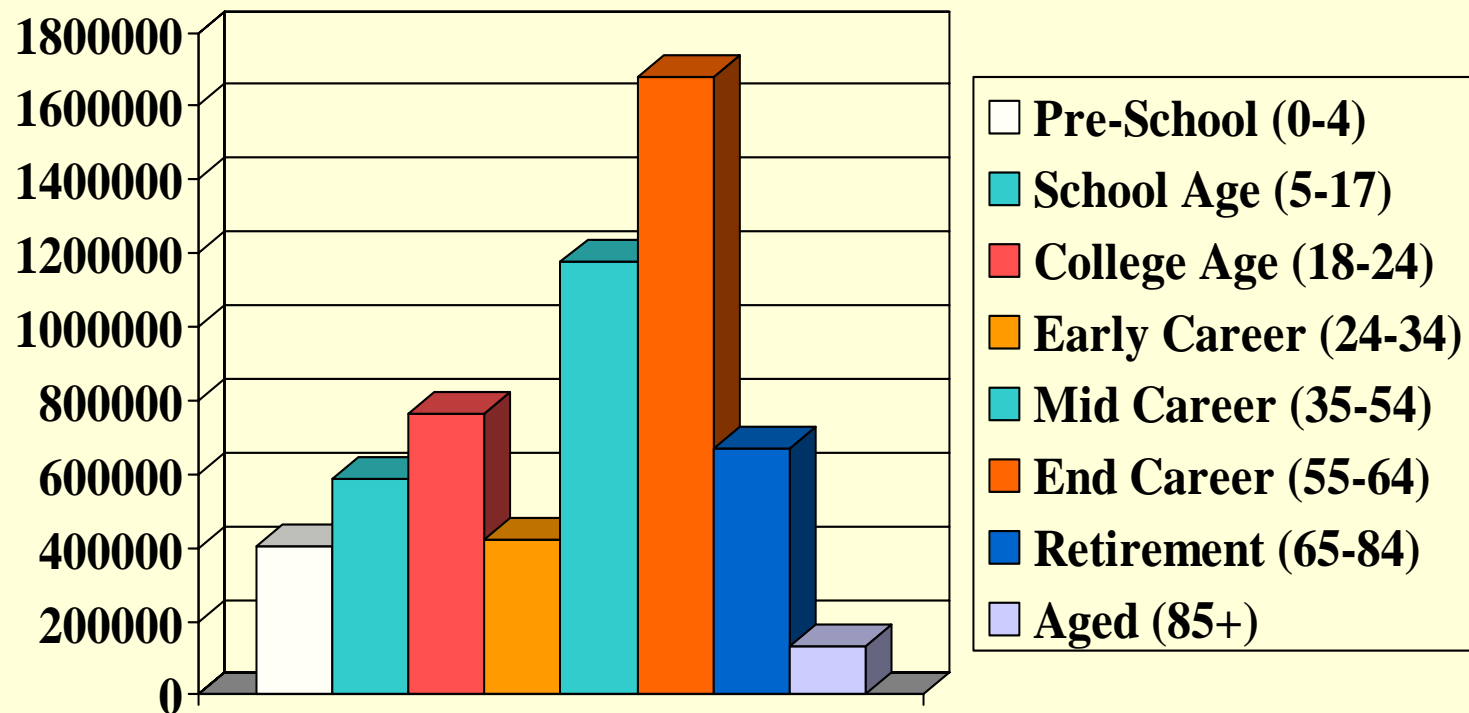
CALIFORNIA in 2020 =



Source: D. Myers, USC, 2002

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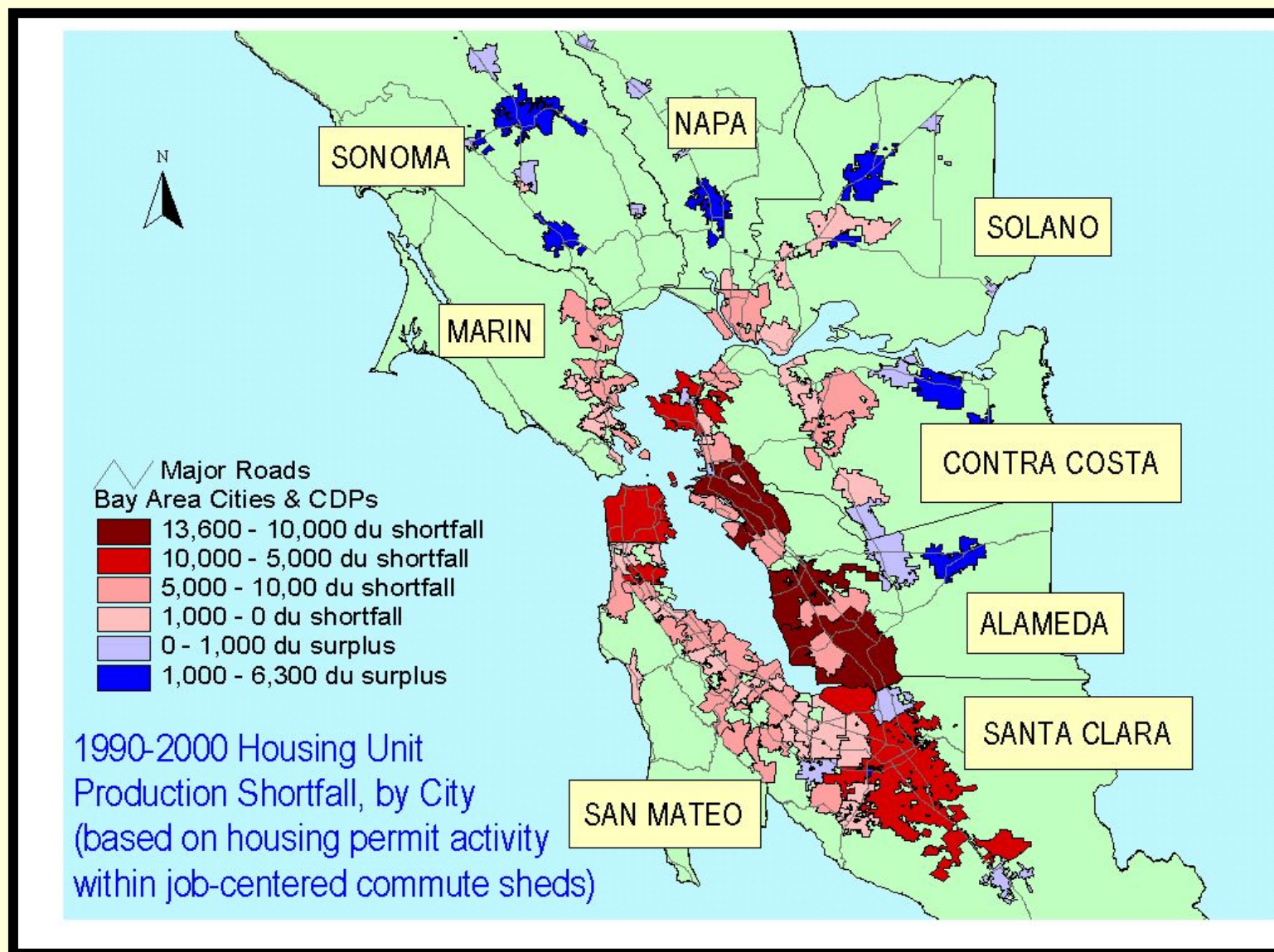
CALIFORNIA'S Projected Growth 2000 - 2010 by Age Cohort



Source: DOF Demographic Research
Unit, 2004

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Shortfalls are especially acute near coastal job centers



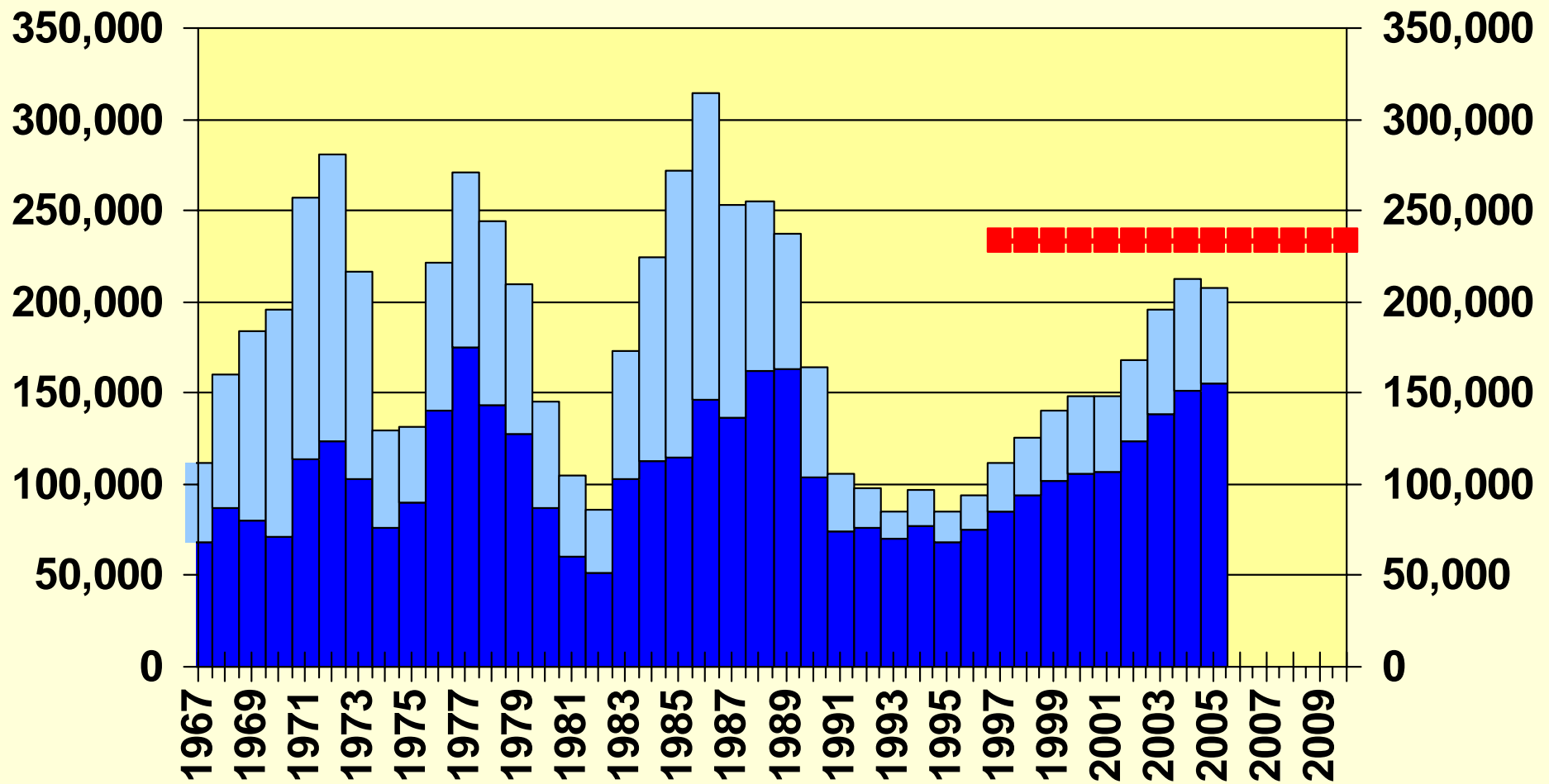
Source: Raising the Roof, 2000

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California New Housing Permits 1967 - 2005

New Housing Permits Below Need

Single Family Multi-Family Housing Needs

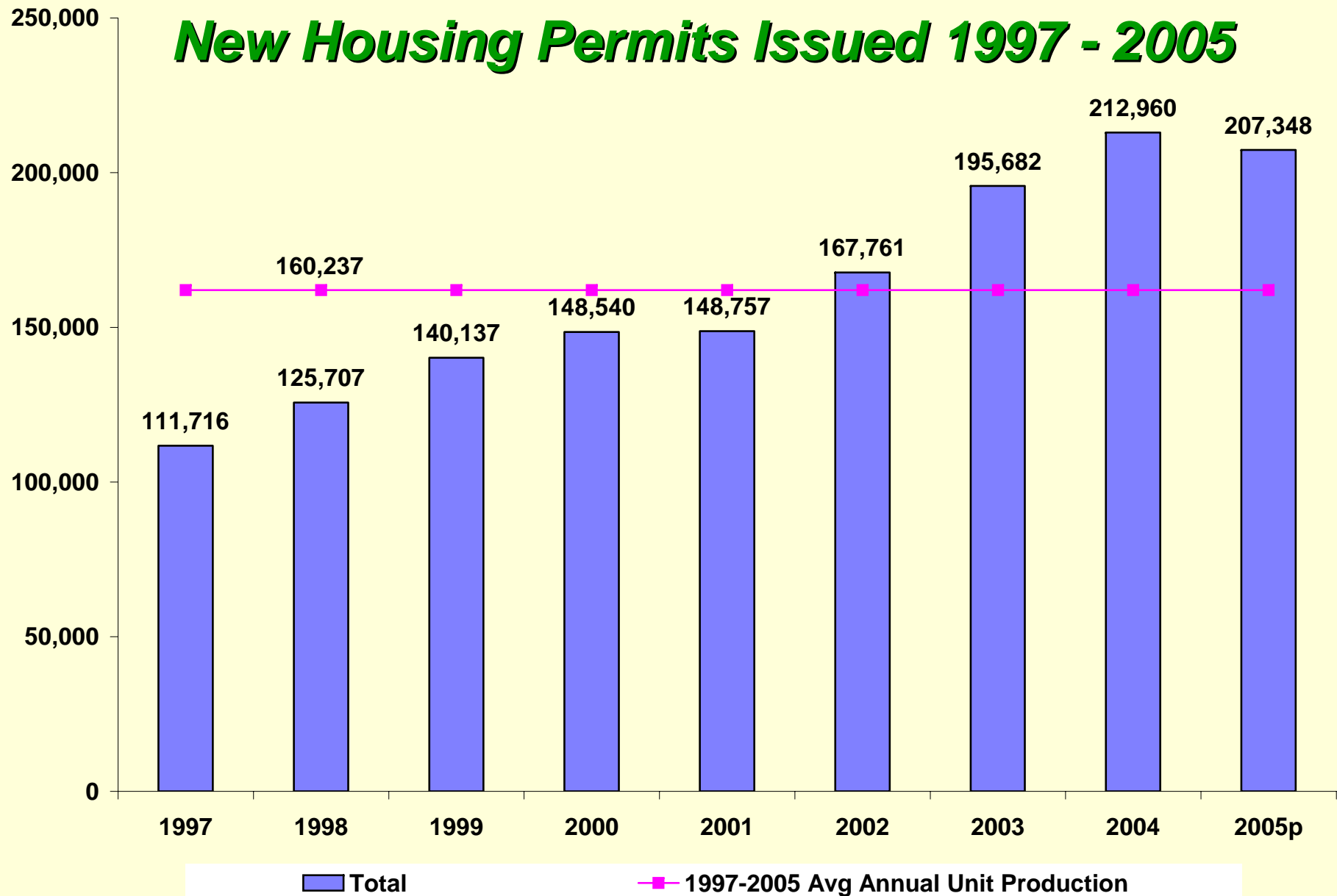


SOURCES: CAR; Construction Industry Research Board; CSHP

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California

New Housing Permits Issued 1997 - 2005

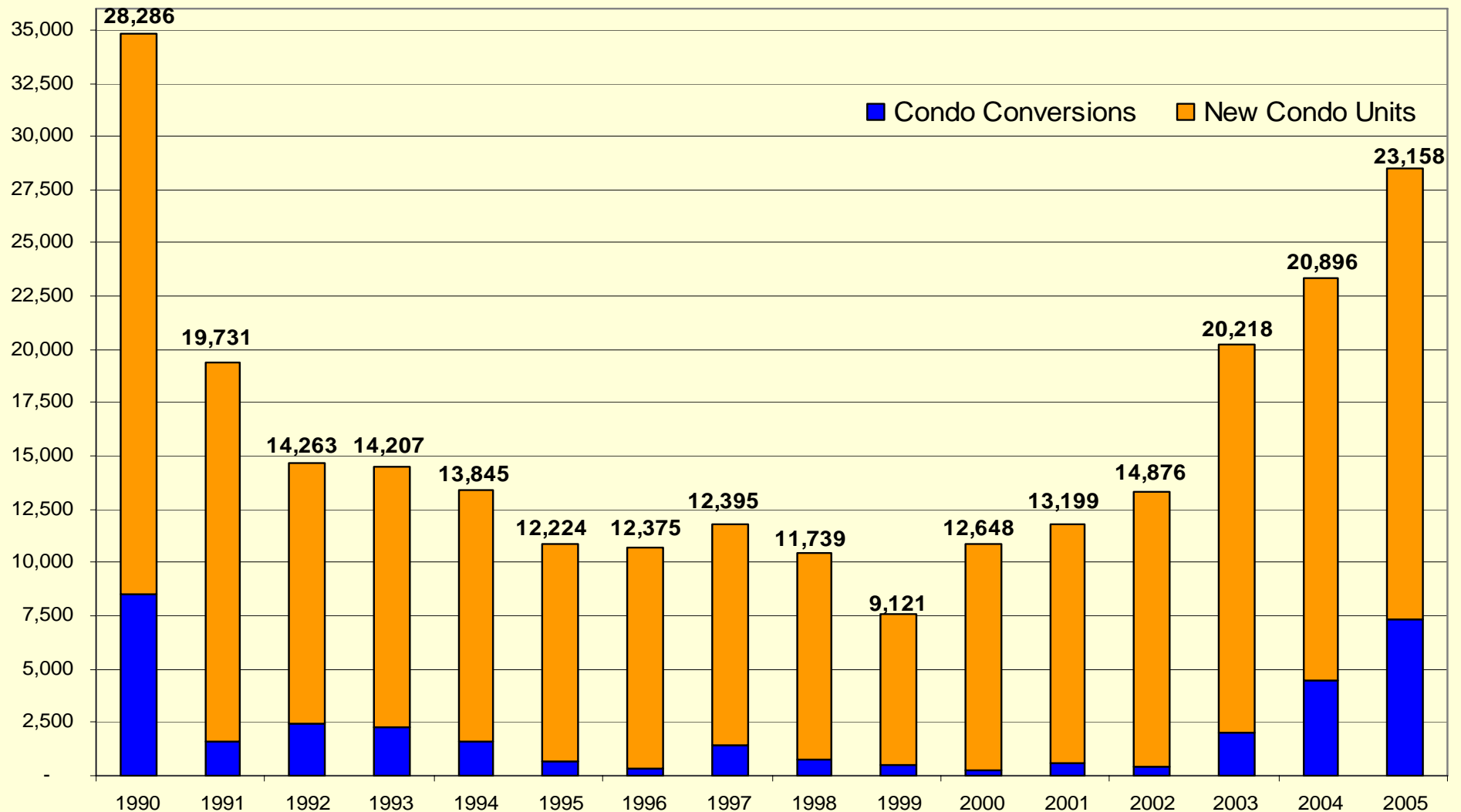


SOURCES: Construction Industry Research Board,
January 27, 2006; Graphic representation by HCD.

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Growing Condo Activity

California's New Condominium Units & Units Converted 1990 - 2005

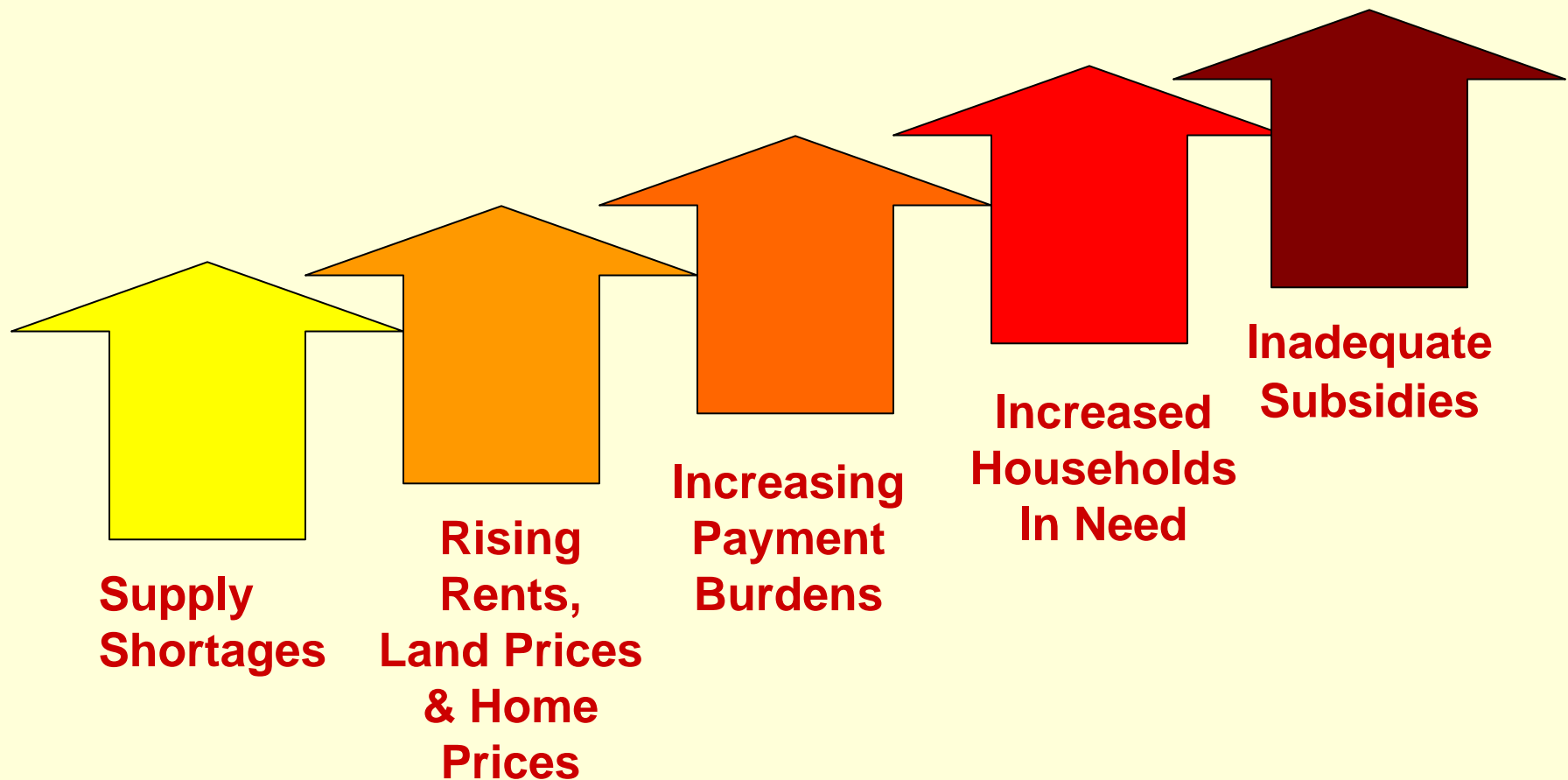


*Values on the chart represents the total of new condominium units and units converted for the specific year.

SOURCE: CA Dept. of Real Estate, Feb. 2006

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Housing Supply Shortages Impact Housing Affordability

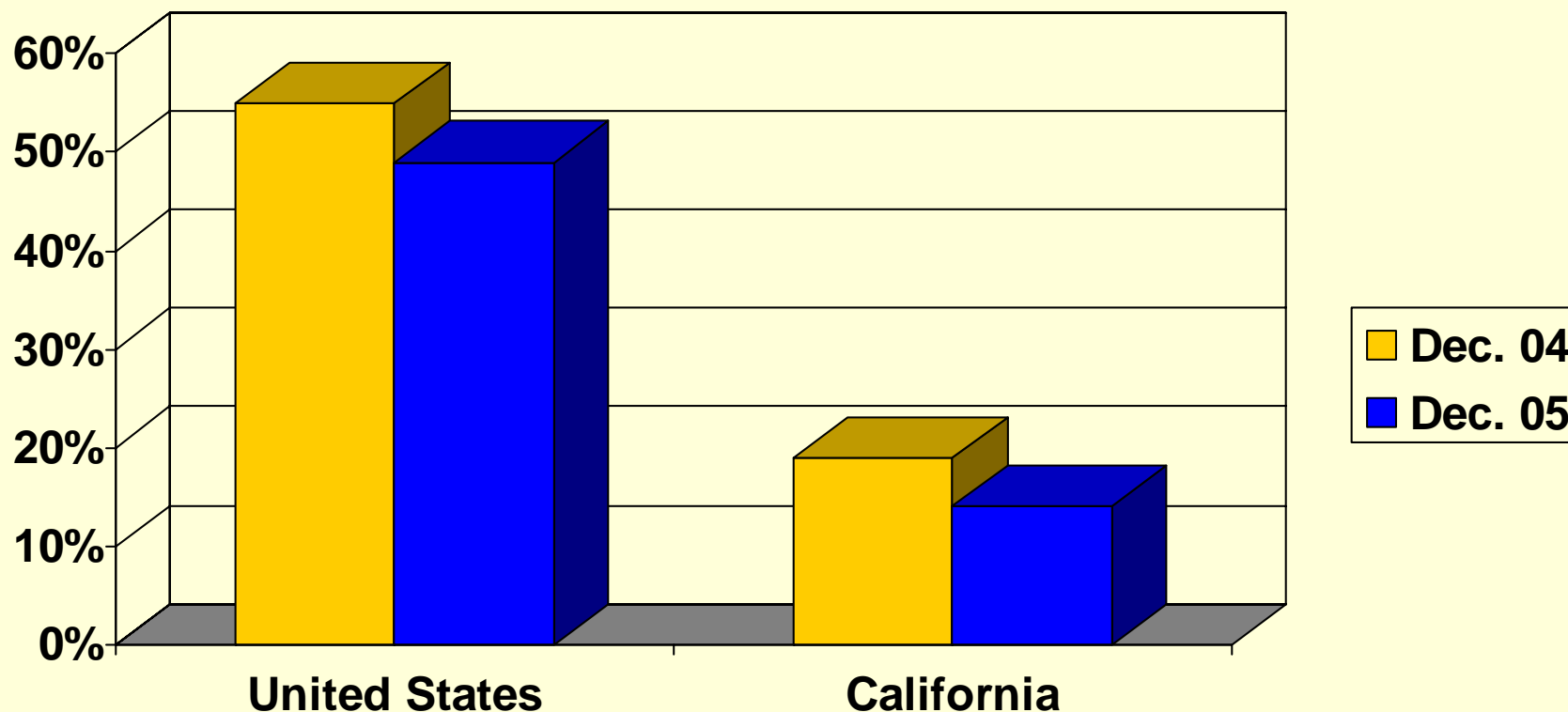


Modified from presentation by Professor John Landis, UC Berkeley, 2001

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California Housing Affordability Index

December 2004 – December 2005



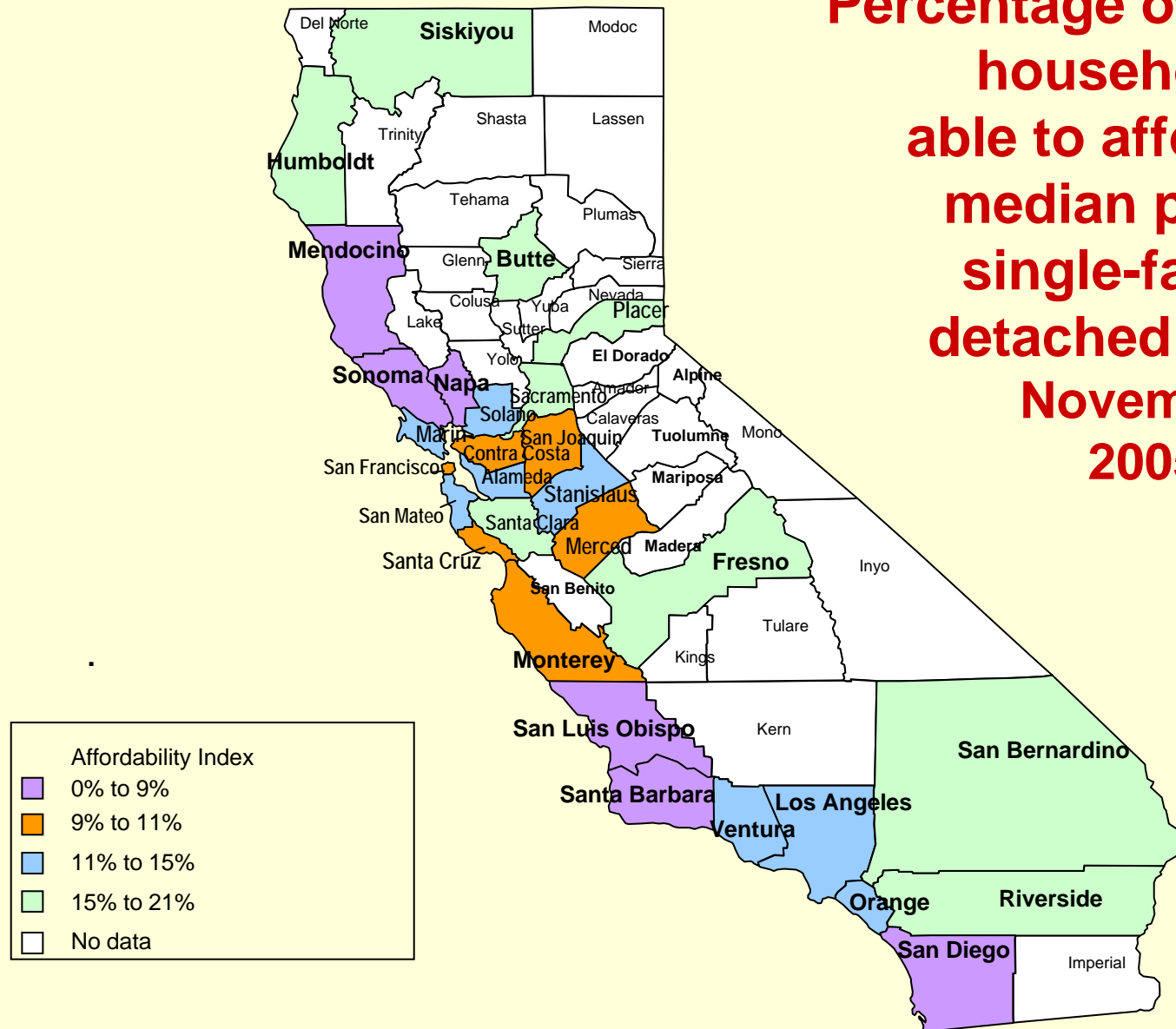
2005 CA Median Home Price: \$523,150

Percentage of households able to afford a median-priced detached home.

Source: California Association of REALTORS® (C.A.R.), Press Release Thursday, February 9, 2006; also see Press Release Dec. 28, 2006 for 2005 CA median Home Price; Graphic representation by HCD.

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Percentage of county's households able to afford the median priced single-family detached home November 2005



Percentage of households able to afford a median priced home.
California Association of Realtors, Press Release January 12, 2006. Graphic representation by HCD.

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Appreciating Home Prices 2000-2005

Select Counties:	Dec 2000	Dec 2005	5yr % Change*
Sacramento County	\$157,000	\$375,000	42%
San Francisco County	\$525,000	\$750,000	70%
Fresno County	\$90,500	\$280,750	32%
Los Angeles	\$198,500	\$495,000	40%
Riverside County	\$176,000	\$412,500	43%
San Diego County	\$255,000	\$510,000	50%

*without adjustment for inflation

The price statistics are derived from all types of home sale – new and exiting, condos, and single-family.

Source: California Association of REALTORS® (C.A.R.), Trends in California Real Estate, Vol. 23, Num. 1, Jan. 2002 and Vol. 27, Num. 1, Jan. 2006

Data representation by HCD

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Median Sales prices, May 2006

California: \$562,380

- Sacramento County \$ 371,360
- San Francisco County \$ 744,070
- Central Valley \$ 350,760
- Los Angeles \$ 567,480
- Riverside County \$ 394,220
- San Diego County \$ 601,070

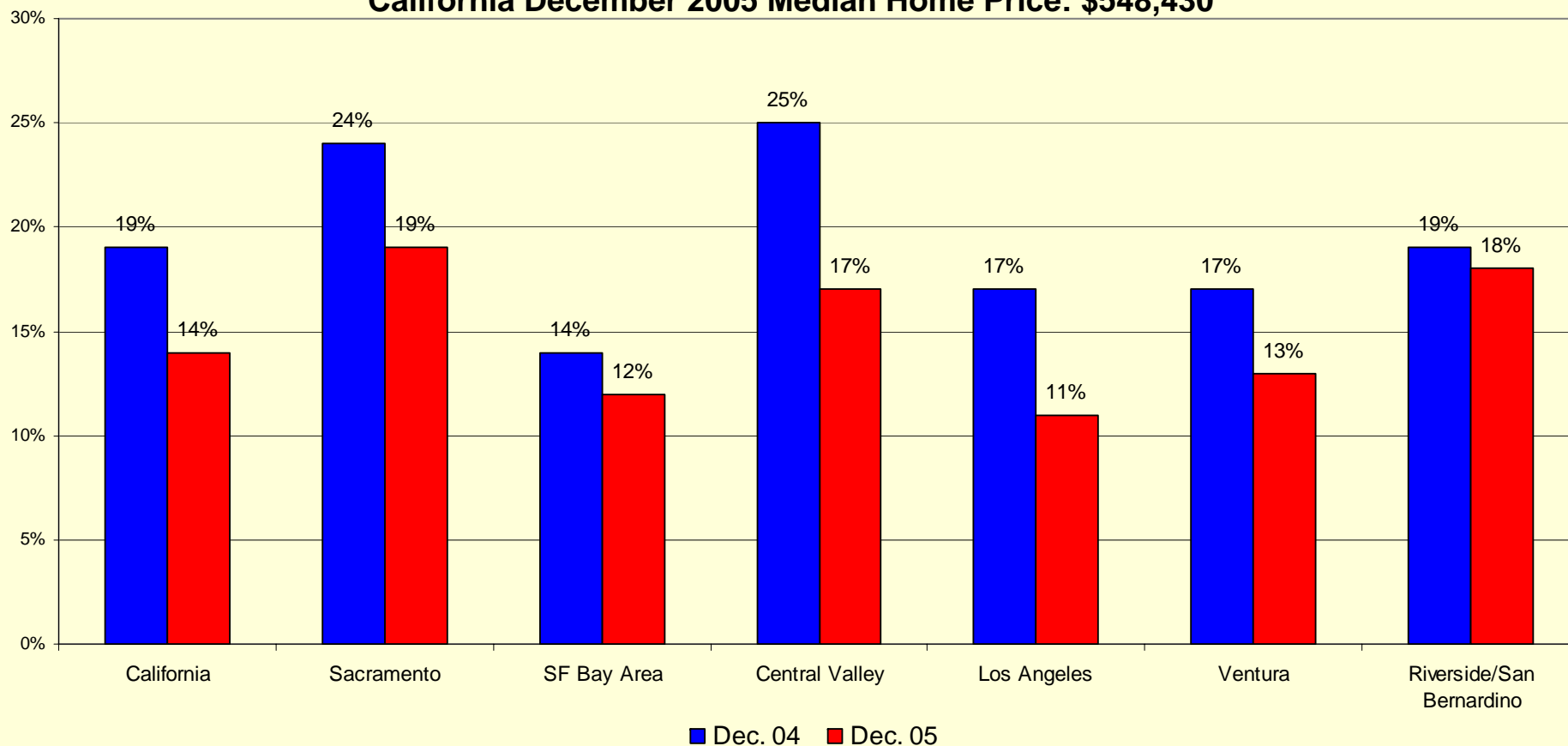
California Ass'n. of Realtors, 5/06

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Housing Affordability Index by Region

December 2004 – December 2005

California December 2005 Median Home Price: \$548,430

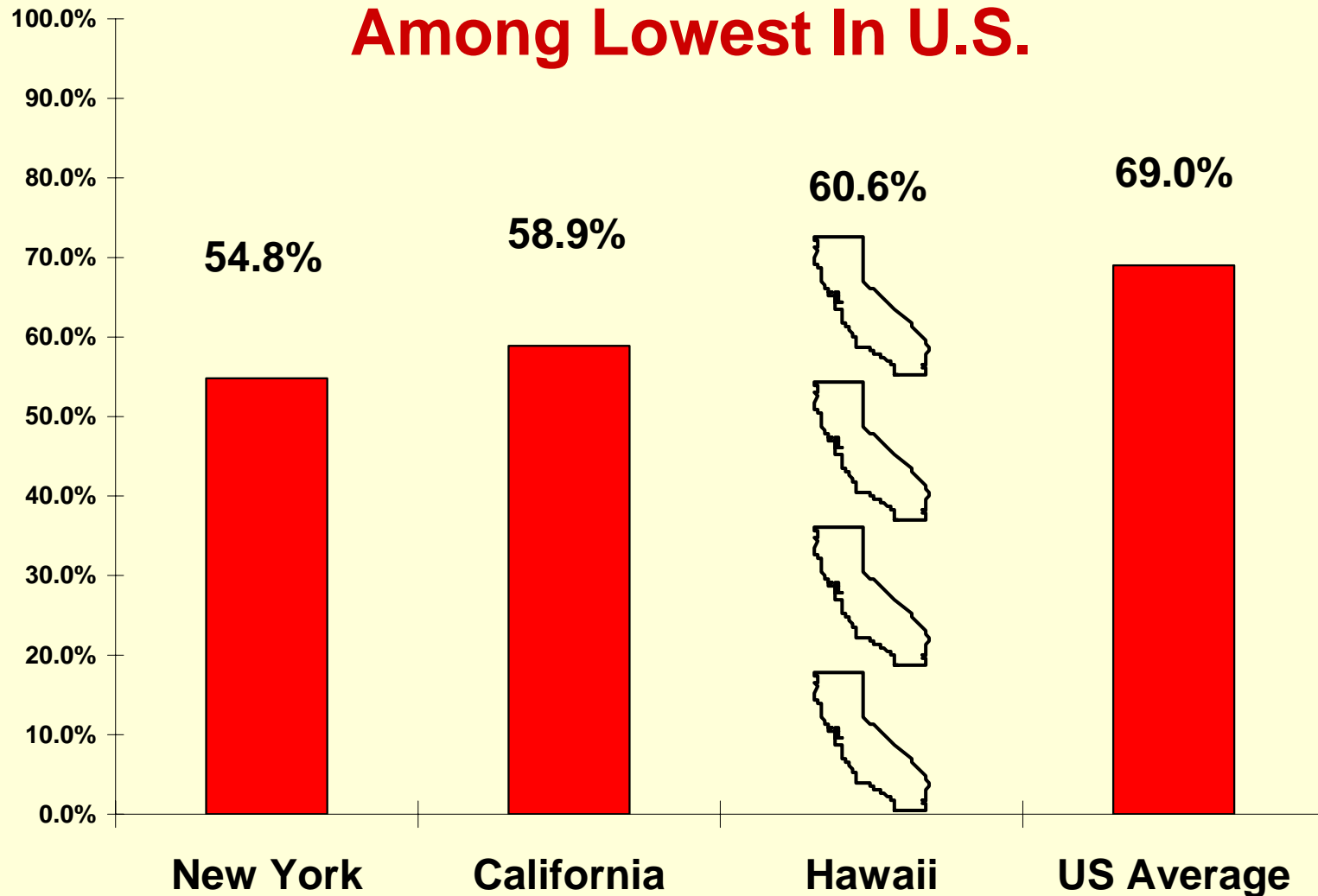


Percentage of households able to afford a median-priced detached home

Source: California Association of REALTORS® (C.A.R.), Press Release Thursday, February 9, 2006; Graphic representation by HCD. November 2005 Median Home Price represented from CAR Press Release Jan. 25, 2006

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California's Homeownership Among Lowest In U.S.



Source: US Census, Annual Statistics: 2004 Table 13. Homeownership Rates by State: 1984 to 2004; Graphic representation by HCD.

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Wage Gaps – the cost of a two-bedroom unit



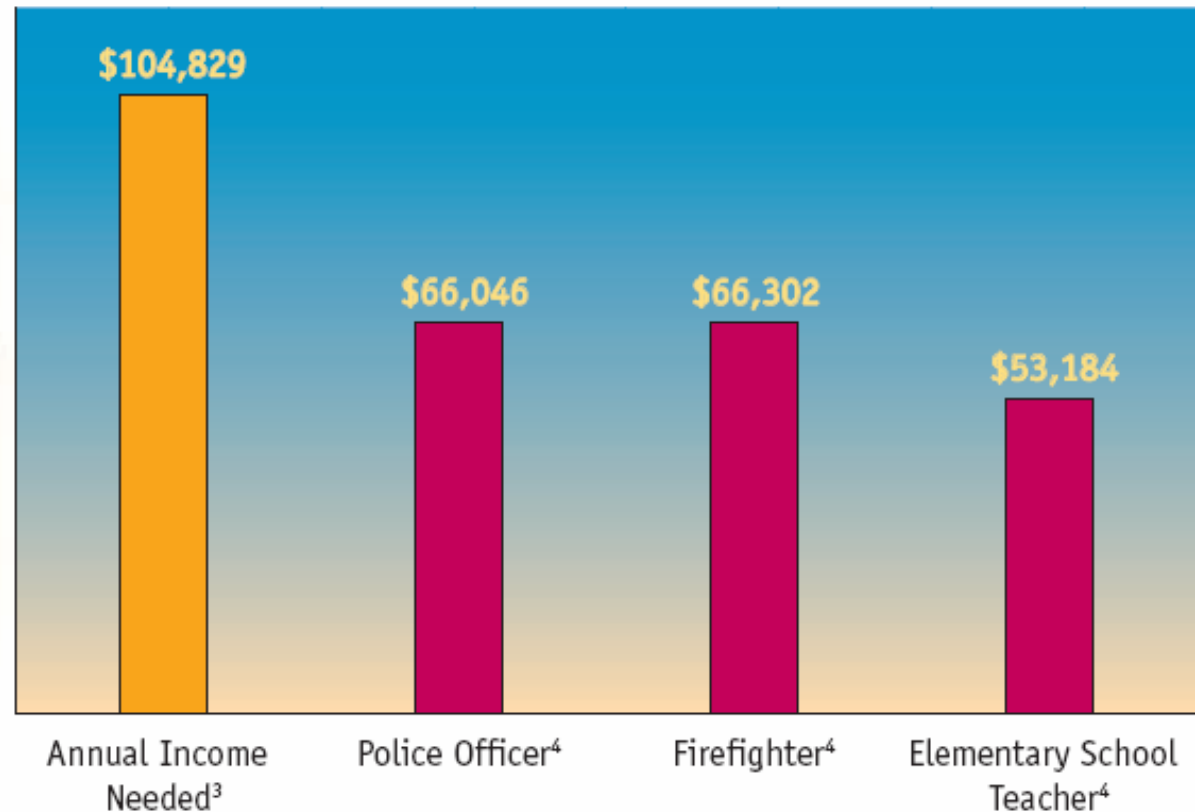
- California is second only to Massachusetts in terms of the hourly wage needed to afford a two bedroom apartment at fair market rent (FMR).
- A worker earning minimum wage (\$6.75 per hour) must work 126 hours per week in order to afford the average two-bedroom unit.
- The Housing Wage in California is \$21.24; this is the amount a full time (40 hours per week) worker must earn per hour in order to afford the average two-bedroom unit, and is more than three times (315%) the minimum wage.

Wages and the Cost of Housing in Los Angeles County: Homeownership

Typical Annual Salaries (2004)

**HOMEOWNERSHIP
MARKET**
2004
Median Priced Home¹
(Single- and Multi-Family)

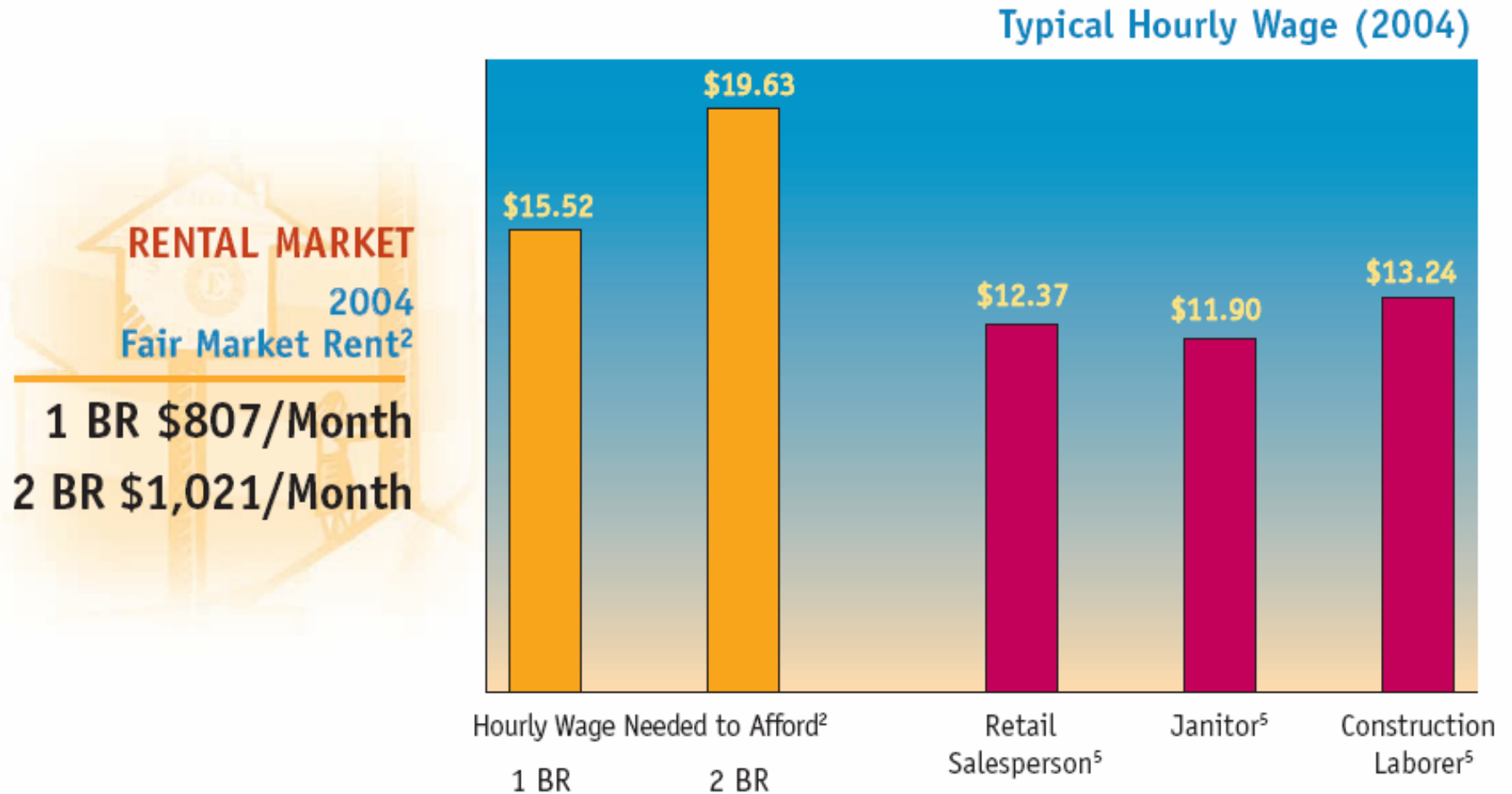
\$336,338



Source: 2004 NACo "Paycheck to paycheck: Wages and the cost of Housing in the counties, 2004"

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Wages vs, the Cost of Housing in Los Angeles County: Rental Housing



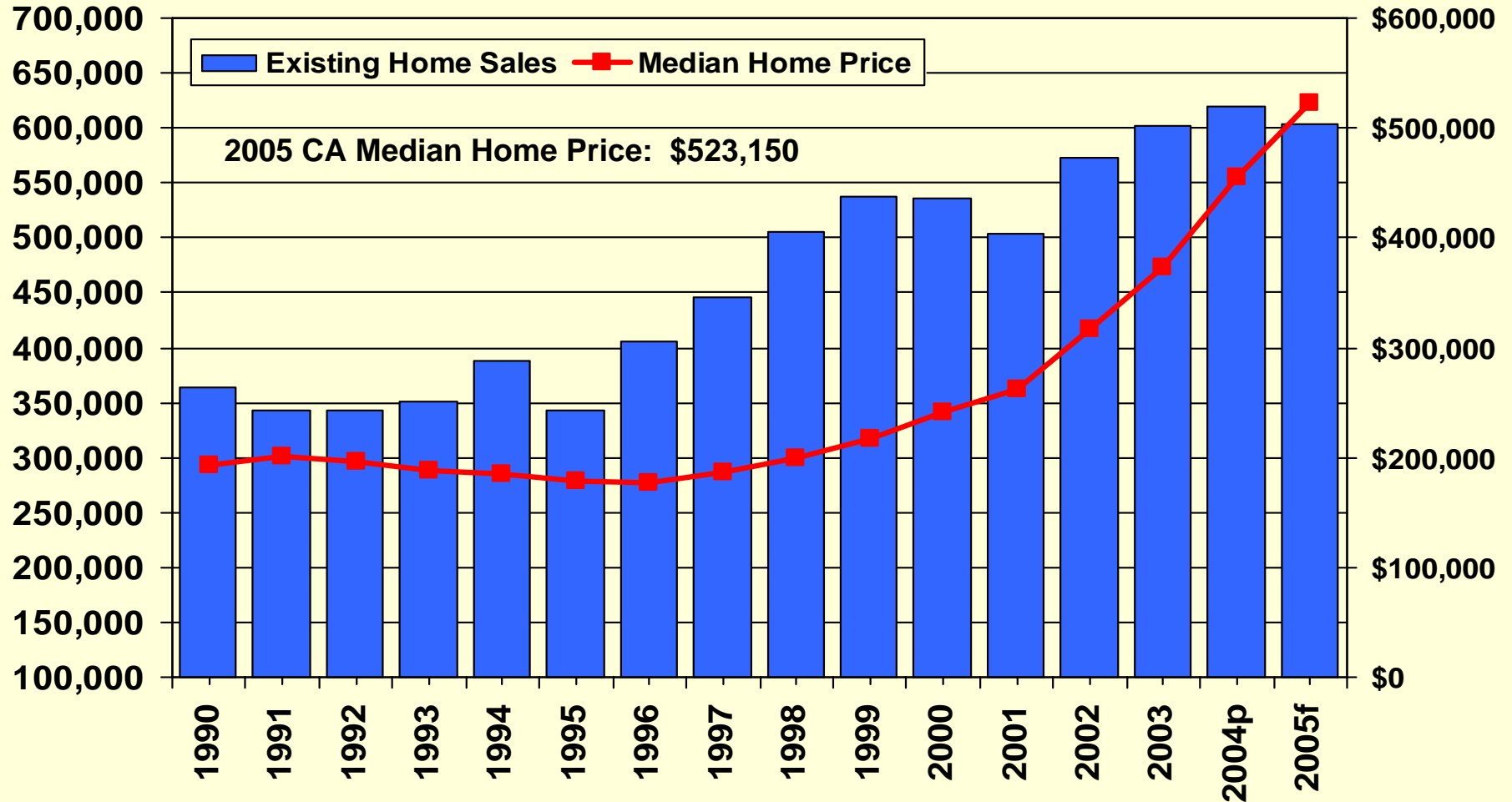
Source: 2004 NACo "Paycheck to paycheck: Wages and the cost of Housing in the counties, 2004"

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Sales and Median Home Price California, 1990-2005f

SALES ACTIVITIES

ANNUAL MEDIAN SALES PRICE

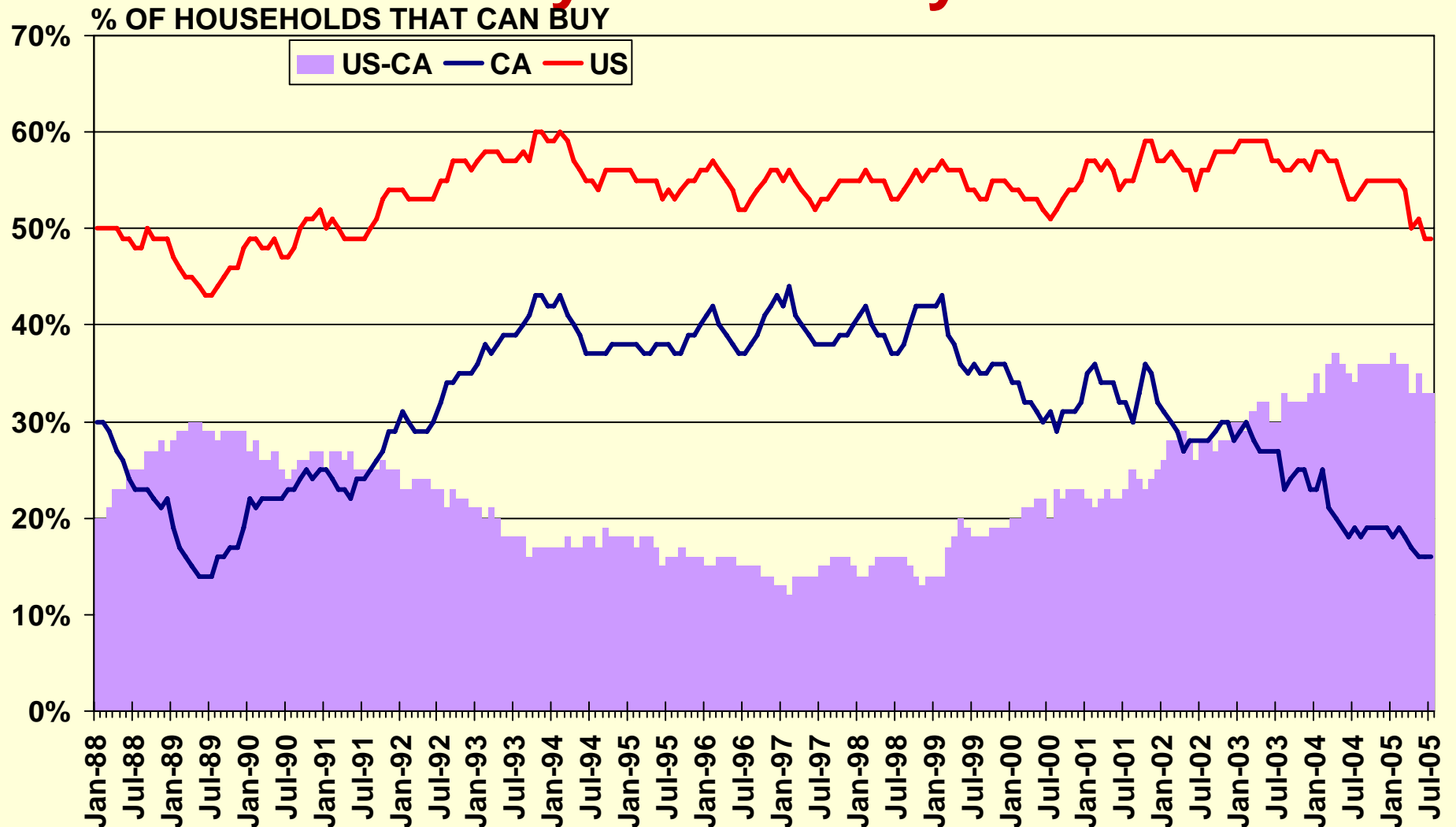


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SOURCE: California Association of REALTORS®

Housing Affordability Index: US vs. CA

January 1988 – July 2005



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SOURCE: California Association of REALTORS®

Shares of CA Households by Household Income Levels with Housing Costs > 50% & >30%

	Extremely Low Income HHs		Very Low-Income HHs		Low-Income HHs		Total Households	
	>50%	>30%	>50%	>30%	>50%	>30%	>50%	>30%
Rental	63.7%	76.7%	30.0%	75.5%	6.70%	42.8%	19.5%	40.3%
Owner	58.0%	71.3%	39.2%	60.9%	22.00%	51.4%	11.7%	30.1%
Total HHs	62.1%	75.2%	33.4%	69.9%	13.70%	46.7%	15.0%	34.5%

Percentage of Households

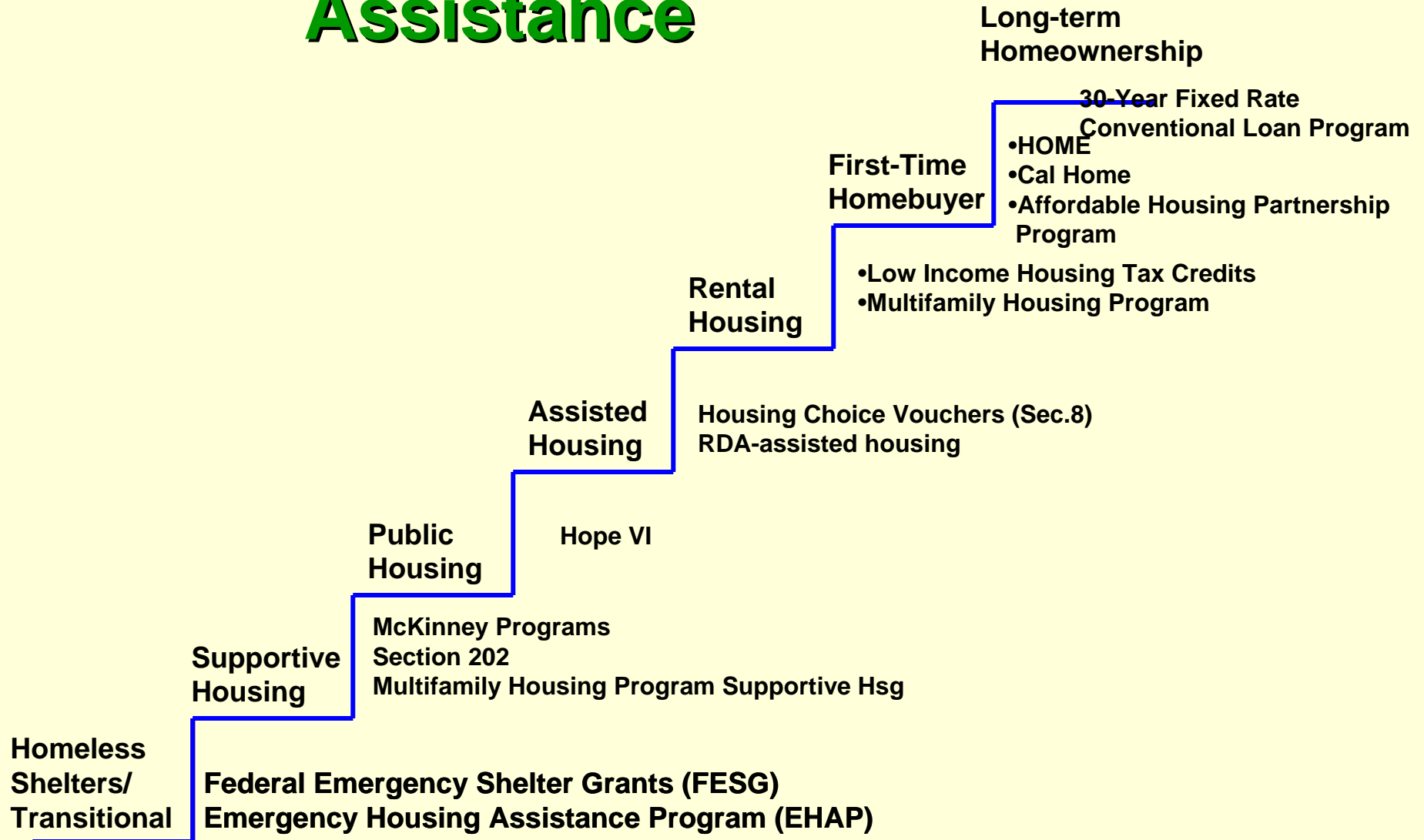
0-30%	
30-50%	
50-80%	
80-100%	

E.g., 63.7% of Extremely Low Inc. Renter Households pay > 50% of inc. for housing

Source: HUD, State of the Cities Data Systems: Comprehensive Housing Affordability Strategy (CHAS) Data, Census 2000.

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Continuum of Housing Assistance



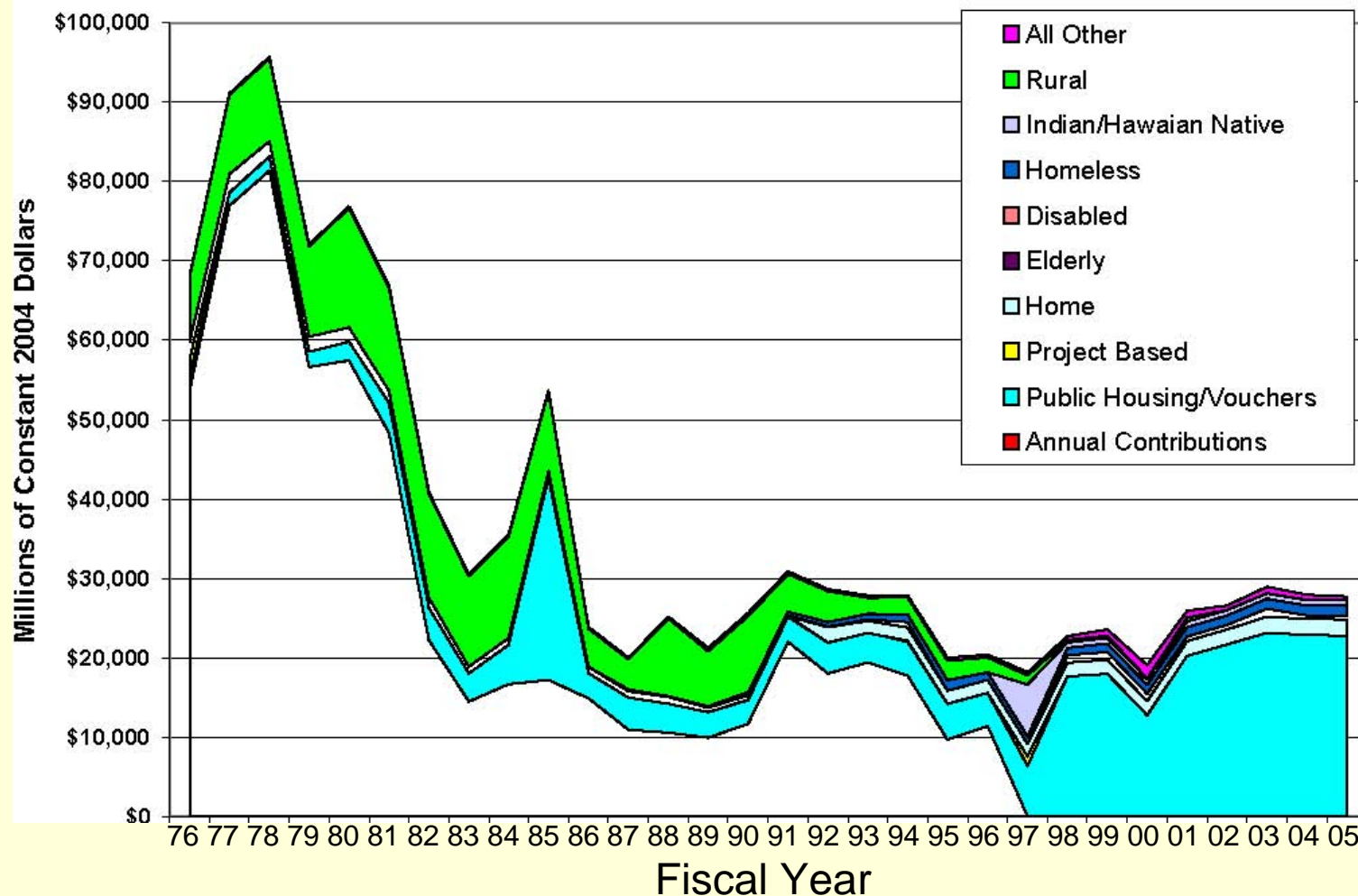
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There are Many Players Involved in Housing Assistance

**Most significantly, the federal
government
Although with
diminishing resources**

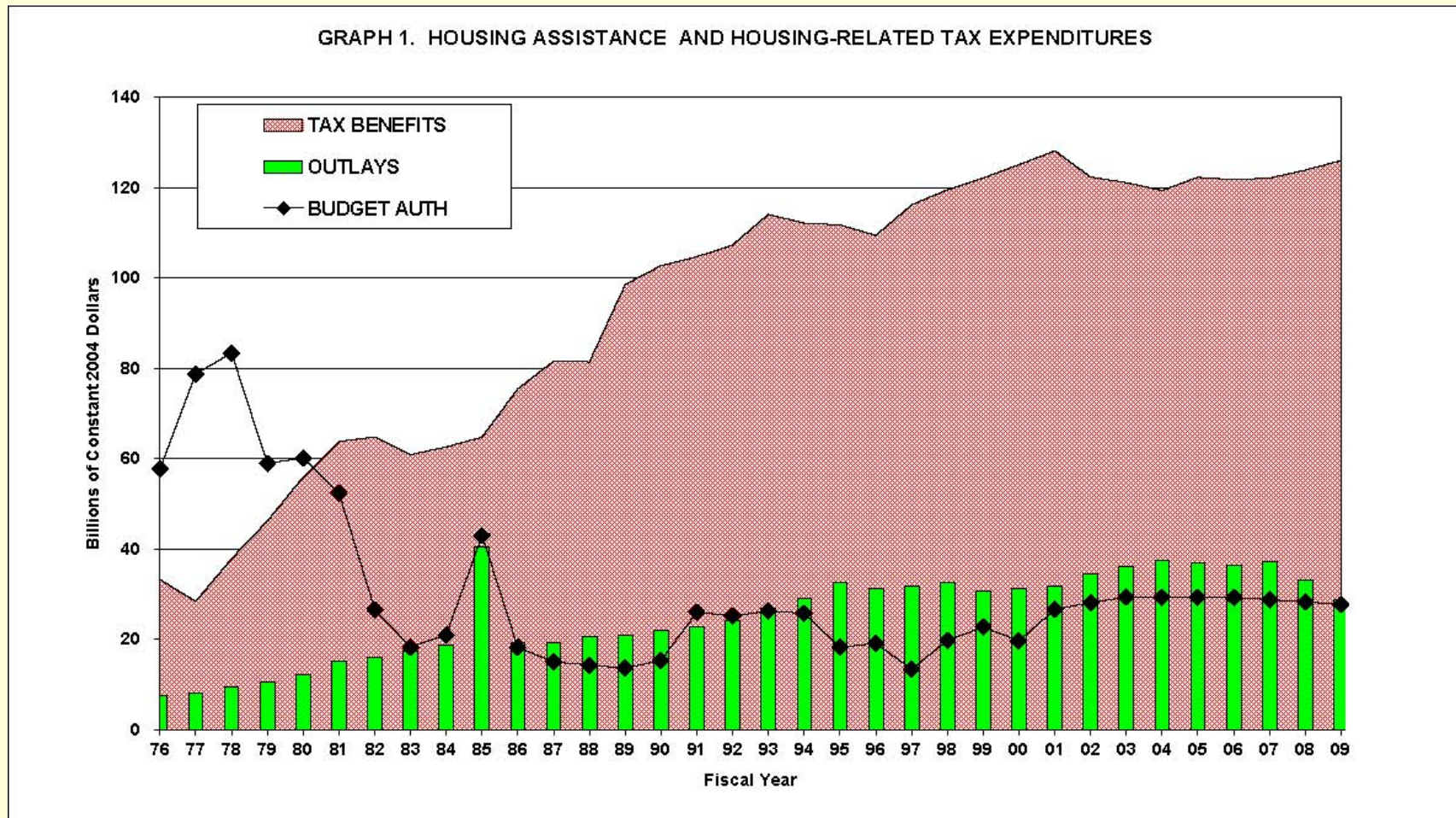
FUNDING AND SPENDING TRENDS FOR LOW INCOME HOUSING PROGRAMS

GRAPH 12. BUDGET AUTHORITY FOR LOW INCOME HOUSING PROGRAMS, INCLUDING
RENEWALS, 1976-2005



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THE FEDERAL BUDGET: HOUSING ASSISTANCE AND HOUSING-RELATED TAX EXPENDITURES



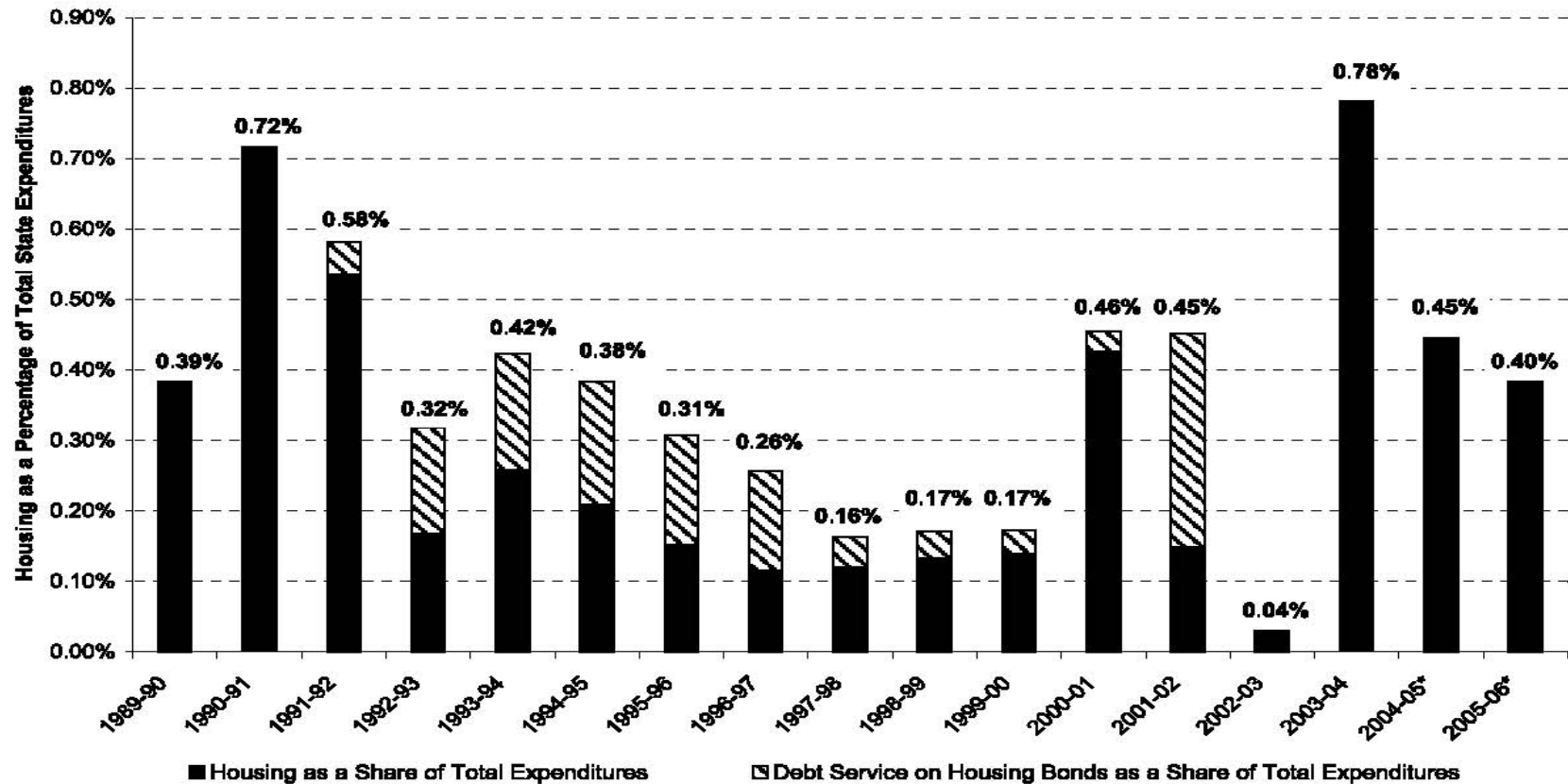
Source: National Low Income Housing Coalition; Changing Priorities The Federal Budget and Housing Assistance 1976 – 2005

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HOW MUCH DOES CA'S STATE GOVERNMENT SPEND ON HOUSING?

Housing Spending as a Share of Total Spending

Figure 1: Housing Makes Up a Small Fraction of State Spending



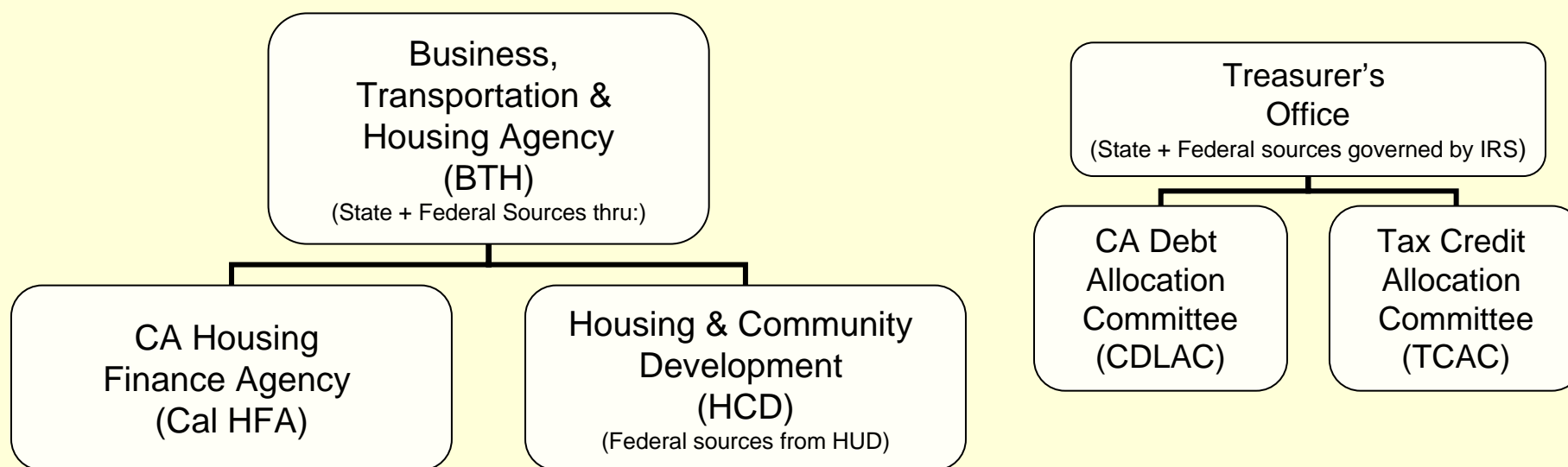
*2004-05 estimated, 2005-06 proposed.

Source: CBP analysis of Department of Finance, Franchise Tax Board, and Department of Housing and Community Development data

Source: California Budget Project, A Primer on California's Housing Programs, July 1, 2005

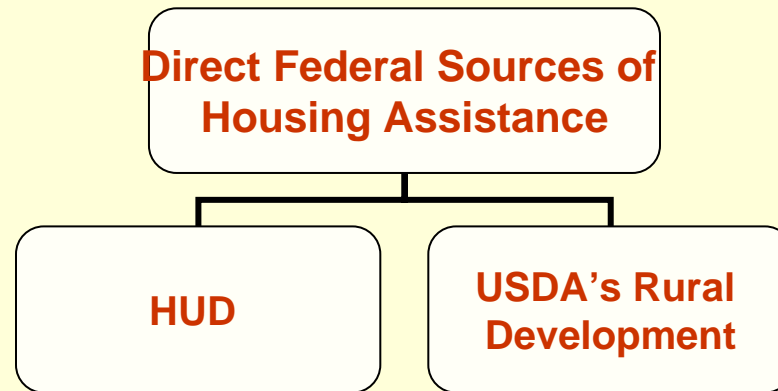
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State Housing Assistance is Available on Competitive Basis



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Housing Assistance



Eligible entities vary by program:

- cities and counties
- nonprofit developers
- for-profit developers

Local Housing Agencies

- **Housing Authorities:**

Housing Choice Voucher Program & Public Housing

- **Redevelopment Agencies:**

Low & Moderate Income Housing Funds

- **Housing & Community Development**

Departments (federal block grant funds , local trust funds)

Strong State Role in Land Use re: Housing in California

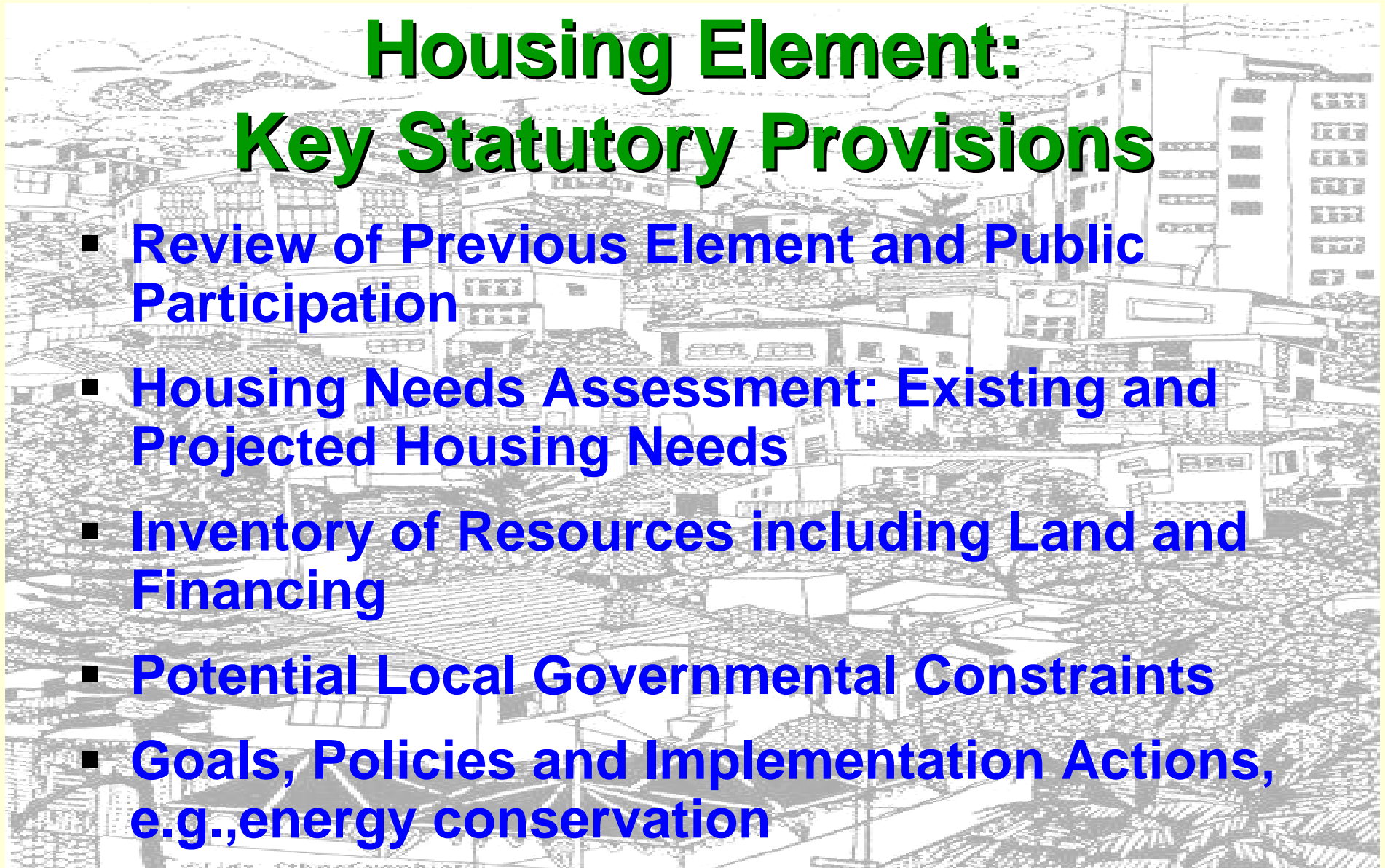
**The California Legislature & courts
have repeatedly indicated in
statute & case law that housing is
an issue of statewide concern**

Major Housing Principles of State Law

- All 535 local governments are responsible for planning to accommodate both resident population and growth in new households that are expected to reside within the area – through periodic updates of general plan housing elements
- Housing elements must include adequate provision for housing needs for households of all incomes, a.k.a. “fair share planning,” including low and moderate income households: regional housing need allocations

Regional Housing Needs Allocations are subject to these statutory objectives:

1. Increasing housing supply & mix of housing types, tenure & affordability
2. Promoting infill development & socioeconomic equity, protection of environmental & agricultural resources, & encouraging efficient development patterns
3. Promoting improved intraregional jobs-housing relationship
4. Balancing disproportionate household income distributions



Housing Element: Key Statutory Provisions

- **Review of Previous Element and Public Participation**
- **Housing Needs Assessment: Existing and Projected Housing Needs**
- **Inventory of Resources including Land and Financing**
- **Potential Local Governmental Constraints**
- **Goals, Policies and Implementation Actions, e.g., energy conservation**

Local Housing Planning Framework

- State/Federal requirements for Local Plans (Con Plans, C of C Plans,etc)
- Housing Element Law
- Least Cost Zoning Law
- Redevelopment Law
- Second Unit Law
- State Density Bonus Law
- Anti-NIMBY law
- Fair Housing Law

Affordable housing development is often subject to extensive land-use based as well as financing-based criteria.

Redevelopment Agencies Low and Moderate Income Housing Funds

*Often account for largest amounts of available
funds at the local level*

Housing Requirements of RDA Law

1. Expend tax increment to increase & improve supply of low & moderate income housing
2. Replace low & moderate income housing destroyed as a result of an RDA project
3. Portion of housing constructed within RDA project areas must be affordable to low & moderate income households

RDA Project Area Housing Production Requirement

1. Housing developed/rehabbed by an RDA in a project area
30% of these units must be affordable to low-mod. HHs; 50% of these units must be affordable to very low income HHs; or 15% (50% of 30%) of the project area units developed/rehabbed by the RDA
2. Other Project Area Production
Six % of units developed/rehabbed by entities other than the RDA must be affordable to low & moderate income HHs

Redevelopment Agencies

Low and Moderate Income Funds (FY 04-05)

- Ending Equity: \$3 Billion
- Deposits: \$1.2 Billion
(\$700 million is 20% set-aside of property taxes)
- Expenditures: \$960 Million
- Households Assisted: 17,134
 - Very-Low Inc.: 9,118 (53%)
 - Low Inc.: 6,073 (36%)
 - Moderate Inc. : 1,943 (11%)

Proposition 46 (2002): \$2.1 Billion

The largest housing bond in the nation

As of January 2006, the State had awarded over

\$1.3 BILLION Dollars

to create, incentivize, or reward over 83,300 affordable rental or owner occupied homes and shelter spaces.

HCD programs have funded about 66,800 housing opportunities for those most in need

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Major Proposition 46 Funded Programs

- CalHome
- Multifamily Housing Program
- Emergency Housing and Assistance Program
- Exterior Accessibility Grants for Renters
- Joe Serna, Jr. Farmworker Housing Grant
- Local Housing Trust Funds
- Governor's Homeless Initiative
- Preservation
- Workforce Housing Reward



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The Strategic Growth Plan Housing Proposal November 2006 Ballot Initiative

Would authorize \$2.85 billion dollars in general obligation bond financing for the provision of homeownership, rental, and permanent housing opportunities

- \$1.8 billion would be designated to provide homes and shelter for 32,000 families or individuals and would leverage an additional \$8.9 billion in other private and local funding.**
- \$850 million would be designated for regional planning, housing, and infill.**
- \$200 million would be designated for urban, suburban, and rural parks.**



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